

FORMS MANUAL INSERT

FORM RD 1951-10

Form RD 1951-10
(Rev 01-05)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL HOUSING SERVICE
COMMUNITY PROGRAMS
WORKOUT AGREEMENT

FORM APPROVED
OMB No. 0575-0066

Date: _____

This Workout Agreement (Agreement) is made between _____
(Borrower) and the United States of America,
acting through the Department of Agriculture (Government).

The parties recite and declare that:

- A. The Borrower has the following Direct Community Facilities or Association Recreation loans owed to the Government that are in default (if more space is needed, use an attachment):

| <u>Loan No.</u> | <u>Loan Amount</u> | <u>Date of Loan</u> | <u>Amount Delinquent</u> | <u>Type of Default</u> |
|---------------------|------------------------|-------------------------|------------------------------|------------------------|
|---------------------|------------------------|-------------------------|------------------------------|------------------------|

- B. The Government has the right to declare the entire balance of these loans immediately due and payable.

- C. The parties wish to avoid any acceleration or other collection action by the Government by entering into this Agreement.

- D. For the reasons stated above, and in consideration of the mutual covenants and promises of the parties, the Government and the Borrower agree as follows:

- (1) Borrower will complete the following actions to resolve the defaults identified in paragraph A above, by the following completion dates (if more space is needed, use an attachment):

Action

Completion Date

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0066. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Used by Agency to document a workout agreement with a delinquent Community Facilities direct loan.

(see reverse)

PROCEDURE FOR PREPARATION

: RD Instruction 1951-E.

PREPARED BY

: USDA and Borrower.

NUMBER OF COPIES

: Original and three copies.

SIGNATURES REQUIRED

: Authorized representative of Borrower and appropriate USDA Official.

DISTRIBUTION COPIES

: Original to Servicing Office; copies to National Office, State Office, and Borrower.

(01-07-05) SPECIAL PN

PAGE 2 OF FORM RD 1951-10

Action

Completion Date

- (2) The Government will not accelerate Borrower's loans if each action is completed to the satisfaction of the Government by the relevant completion date.
- (3) Failure of the Government to immediately exercise its rights to accelerate the Borrower's loans upon Borrower's failing to comply with the terms of this agreement will not preclude the Government from doing so for the same or a subsequent default at a later time. Any such failure shall not be construed as a waiver or relinquishment of the Government's rights to any collection, including subsequent acceleration.
- (4) No other loan terms contained in the respective notes, bonds, mortgages, or deeds of trust are modified by this Agreement.
- (5) This Agreement shall be binding on the successors and assigns of the parties and any present or subsequent owners, encumbrances, tenants, and subtenants.
- (6) This Agreement may not be changed except in a written document signed by both parties.
- (7) If any part of this Agreement is determined to be illegal or unenforceable by a court of competent jurisdiction, those other portions not affected by that decision shall remain in effect.

Borrower

(10)

(12)

(11)

Date

Government

(13)

(15)

(14)

Date

Instructions: Type the name and title of the authorized person signing for the Borrower and the Government under their signature.

PAGE 3 OF FORM RD 1951-10

Part II - Supporting information to be furnished by the Rural Development Servicing
Office

Borrower Name _____ (16)

Case No. _____ (17) State _____ (18) County _____ (19)

Brief History of the Facility:

(20)

Reason(s) for Default (Explain):

(21)

Signature - Servicing Official

(22)

(24)

(23)

Date

Instructions for Preparation

Note: A copy of this form is to be sent to the National Office to provide documentation for servicing action taken under the Debt Collection Improvement Act.

1. Insert the date of the agreement as Month, Day, Year. Example: May 28, 2004.
2. Insert the name of the borrower organization as shown in Agency records.
3. Insert the loan number(s) in this column for all loans. If the borrower has more than 6 loans insert "Multi" in lieu of the loan number for loan 6.
Example: 97-01
4. Insert the Loan Amount for each loan listed or the sum of loans included on an attachment to the workout agreement in lieu of the amount for loan 6.
5. Insert the date of the promissory note. Leave blank if "Multi" was inserted for loan 6.
6. Insert the total amount of interest and principal that is delinquent as of the date of the agreement. Insert the sum of delinquent amounts when "Multi" is used in lieu of loan 6. For non-monetary default, leave blank.
7. Insert the type of default. For non-monetary defaults, insert the specific non-monetary default. Examples: Monetary or Unauthorized sale of security.
8. Insert the positive actions agreed to between the borrower and the Agency that will remove the default conditions. Positive actions include but are not limited to activities that will increase revenue, decrease expenses, change operating efficiencies, changes to management, and a modified repayment plan. Examples: "Increase fees for services two (2) percent," "Reduce inventory to a 20 day supply to reduce interest cost on line of credit," or "Will make additional monthly payment of \$___ until the account is current."
9. Insert the anticipated target date for completion of the agreed upon action needed to remove the default condition.
10. The person authorized to sign the document for the borrower will sign the form with a full legal signature.
11. The borrower representative will insert the date when the workout agreement is signed.
12. Print or type the full name and title of the person signing the workout agreement for the borrower.
13. The authorized servicing official will sign the workout agreement for the government.
14. The Agency's representative will insert the date when the workout agreement is signed.
15. Print or type the full name and title of the person signing the workout agreement for the Agency.

Part II.

Part II of the workout agreement is used by the Agency to document a summary of the facility, a summary of the default situation, and a recommendation for future servicing of the account.

16. Insert the name of the borrower organization as shown in Agency records.
17. Insert the Agency assigned case number in the following format XX-0XX-0XXXXXXXXXX.
18. Insert the name of the State where the facility is located.
19. Insert the name of the county or comparable political subdivision.
20. Insert a summary of the facility's history to include the date the facility opened in its current location, the capacity of the facility, the type of facility, and important events showing growth, decline, or stability of the facility.
21. Insert a summary of the reason(s) for default. The summary should include sufficient detail to assist someone not familiar with the facility operation or history to understand the reason for default and contributing factors that when removed or mitigated will remove the default over time.
22. The servicing official signs above the line.
23. Insert the date when the servicing official signs Part II.
24. Print or type the name of the servicing official.